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December 29, 2004

Mr. Paul Baker State of Utah Division of Oil, Gas & Mining 1594 West North Temple, Suite 1210 Salt Lake City, UT 84114-5801

Mr. Frank Bain Geologist Bureau of Land Management 82 East Dogwood Moab, Utah 84532

RE: Lisbon Valley Mining Co. LLC (Summo USA Corporation - Operator)

Request to Perform Exploration Drilling - December 2004

Flying Diamond Drilling Program

JAN U 3 2005

DIL, GAS & MININ

#### Gentlemen:

Lisbon Valley Mining Co., LLC (Summo USA Corporation - Manager) hereby requests approval from the Division of Oil, Gas & Mining (DOGM) and Bureau of Land Management (BLM) to access and drill thirteen (13) exploration holes on private surface land (with federal/severed minerals) just to the south and east of approved mineral exploration and development at Lisbon Valley. The purpose of these holes is to investigate additional resource potential to the SE of the currently permitted mining activities. The proposed activities are located within Sections 9, Township 31 South, Range 26 East.

A breakdown of proposed exploration/use/activities for the 13 sites/holes and affiliated access is as follows:

#### **Private Controlled Lands**

- Number of Drill Sites = 13
- Access = Up to 4,000 linear feet of overland travel (with minor clearing)

A map of proposed access routes and drill sites is provided as **Attachment 1**. Proposed sites and access are highlighted in yellow.

Drilling will be to depths of up to 770 feet. Water is projected to be encountered at approximately 300 feet below ground surface. Water quality is expected to be similar to water quality in and around the Lisbon Valley Mine Project, which has been characterized as poor (Class III) according to Utah Water Quality Classification Standards.

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No sensitive species of vegetation or wildlife are anticipated to be impacted by this request since proposed activities are in an area similar to those that were previously inventoried/approved for the mine and exploration related activities.

Since this area is outside of previously inventoried cultural areas, Summo will contract the inventory of cultural, archaeological and historical resources at the site, using the same contractor who performed mine related work. Once this is complete, a report will be submitted to both agencies documenting findings.

The equipment that will be utilized to perform this proposed activity includes one minimal impact all-terrain reverse-circulation drill rig and support vehicles (pick-ups and drill rig support vehicles, etc.). A backhoe may be utilized for this request to provide safe access, a level drilling surface, sumps to contain excess drill cutting material, and for reclamation activities.

Following completion of the drilling activities, the areas will be cleaned up. Drill holes that encounter groundwater will be plugged according specifications required by the BLM during the Spring 2004 drilling request. Drill holes that encounter water will be plugged utilizing a cement from the bottom of the hole to 100 feet above the encountered water table. Following plugging, the sites will be graded, contoured, and seeded (during the proper planting season).

For budgeting/reclamation bonding purposes, groundwater is expected to be encountered in all 13 holes. If encountered, this will require a cement seal (plug) upon abandonment. Summo has projected a maximum total of 5,200 linear feet of cement plugging for this proposal. Rather than bond for plugging of all 13 holes, Summo proposes to commit (contractually obligate the driller) to plugging each hole prior to initiating drilling on the next hole. This will minimize the overall reclamation bonding requirement and promote the continued concurrent reclamation that is currently being practiced in the area.

As further assurance, there are moneys held from previous exploration efforts allocated for drill hole plugging. This money can also be accessed, even though all holes have been properly plugged. Surface access/disturbance will be graded/scarified and revegetated. All support equipment and supplies will be removed from the site. An estimate of reclamation cost for bonding purposes is provided in **Attachment 2**. All conditions attached to previous drilling efforts will be complied with.

A current drilling reclamation bond/obligation of \$162,300 is currently in place for previously approved drilling (exploration and water/monitor wells) activities. To date, Summo has performed required surface reclamation associated with the majority of exploration at the site. The only remaining activity at the site warranting bonding is for confirming of revegetation and activities associated with groundwater monitor and supply wells. It is proposed that currently held monies (Certificates of Deposit) be held as financial assurance/guarantee for this proposed activity.

Should you require a site visit for this request, please contact me at your earliest convenience to coordinate schedules with the Project Geologist (Chuck Bauer).

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Summo wishes to begin drilling this winter (weather and drill rig availability permitting). Once you have reviewed and approved the proposed plan, I will prepare and submit the necessary Reclamation Contract for submittal to DOGM. If you have any questions regarding this request, please contact me at the listed letterhead number.

Sincerely,

Lee "Pat" Gochnour

Consultant to Summo USA Corporation

La Pet John

Attachments (2)

cc:

Gary Parkison - Summo

Chuck Bauer - Consultant to Summo

# Attachment 1 Map of Proposed Exploration Plan

#### **ATTACHMENT B**

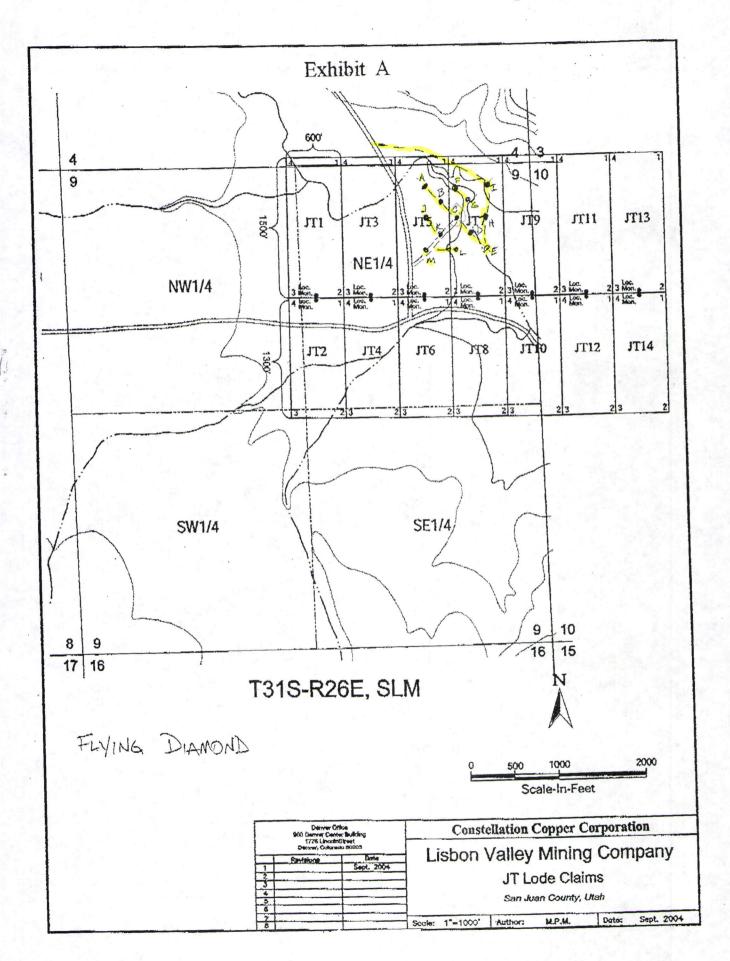
## **Reclamation Cost Estimates**

Bentonite Plugging - Up to 6110 feet (5" hole) @\$3.00 per foot Overland Travel/Access Reclamation Drill Site Reclamation/Clean-up - 13 sites @ \$150 per site = \$18,330.00

= N/A

<u>= \$1,950.00</u>

Total =\$20,280.00



## Attachment 2 Reclamation Costs Estimates

## **Reclamation Cost Estimates**

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